



Celebrating 30 Years of Small Business Success

June 23, 2014

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The Latest State Small Business Profiles

SBA Office of Advocacy has released [Small Business Profiles for the States and Territories](#), an annual analysis of each state's small business activities. In a new and improved format, the profiles feature information on small business employment, industry composition, small business borrowing, exporting, and survival rates, as well as business owner demographics. This annual publication provides information for the 50 states, the District of Columbia, the U.S. territories and United States. The profiles are available online at www.sba.gov/advocacy/848/938561. For more information about the Office of Advocacy, visit our website at www.sba.gov/advocacy or telephone (202) 205-6533.

The Illinois Small Business Profile can be found at [http://www.sba.gov/sites/default/files/files/Illinois13\(1\).pdf](http://www.sba.gov/sites/default/files/files/Illinois13(1).pdf).

When to Trade Less Money for Faster Payment

By Karen E. Klein on *businessweek.com*, 6/18/14 - Question: I have contracts with very large companies and they are pushing payments out to the 120-day limit. Some of them offer shorter payment cycles but I have to accept a discount on the amount owed to me. How's a small business supposed to survive with this kind of pressure on the bottom line? Should I take these discounts for the sake of my cash flow?

Answer: Your question illustrates one of the reasons it's so tough for small businesses supplying big companies. While larger vendors probably have at least some negotiating muscle with clients such as big box retailers or giant manufacturers, small suppliers usually don't—unless their products are absolutely unique in the market.

Your dilemma: You need the business the big guys are offering, but that means you have to accept it on their terms—even if they don't want to pay you for four months. The only way to survive when payments are dragged out over months is to be "abnormally, obsessively,

ridiculously tuned into cash flow," says [Emily Chase Smith](#), author of *The Financially Savvy Entrepreneur: Navigating the Money Maze of Running a Business*. "Until you have a fantastic cushion, you want to know your cash position each and every day, because biggies like payroll and inventory will crush you."

You—or your accountant or chief financial officer—should determine your cash conversion cycle by doing a calculation that measures the time it takes your company to convert its products into cash through sales, says Bill Hettinger, principal at the Institute for Finance and Entrepreneurship, a consulting and research company, and the author of [Finance Without Fear](#). Once you know how long it takes your business to convert inventory into cash, you'll need to find a source of capital to tide you over that time period. That may mean you get a working capital loan against your inventory from a traditional or [alternative lender](#). For many business owners, it's better to discount their invoices in order to get paid faster or to forgo a salary so they can keep extra cash in the business and fund their operations.

"It's always going to come down to a math calculation," Hettinger says. If discounting costs you 20 percent annually but you could get a working capital bank loan at 10 percent interest, you're better off holding out for the full amount you're due.

Before you take discounts, see if technology can help your company speed up collections on your other accounts receivable and give you more flexibility. For instance, if your billing is not automated, it should be. And you should enable your customers to pay you through direct deposit, rather than taking time to process paper checks.

You also might investigate online B2B supplier networks and Web-based marketplaces that allow companies to issue electronic invoices and give or take discounts on payment terms. John Evarts, chief financial and operating officer at Mediafly, a Chicago software developer, says he has used the [Ariba Network](#) periodically for that purpose. Don't forget to keep a close eye on what your cash flow will look like in the near and distant future, Chase Smith says, especially if your company is growing. "Projecting your financial data into the future, and constantly updating it, will tell you if you need to take the discounted payment or if you can ride out the full term." And if you do need to take a discount, there's no reason to feel bad about it: "It's not a tragedy. It's likely the cheapest money with no strings you'll find."

More at: <http://www.businessweek.com/articles/2014-06-18/when-to-trade-less-money-for-faster-payment#r=nav-fs>

Funding Options for Start-up Small Businesses (Making the Cake Rise with Dough)

Join the SBA for the next webinar installment with Mr. Jeremy Adelman, Vice President of Energy Foundry, Mr. Nagesh Rao, Policy Advisor & Entrepreneur in Residence at the SBA, and moderated by Mr. Frank Barros, SBIR Program Analyst and Science and Technology Directorate at the US Department of Homeland Security. The webinar will take place Wednesday June 25th from 1:00PM-2:30PM EDT.

About the SBIR/STTR Webinar Series

This monthly webinar series will explore topics relevant to the Small Business Innovation Research (SBIR) and Small Technology Transfer Research (STTR) programs. It will also discuss how researchers and small businesses can use this funding source. The series will begin with an overview of the program and its implementation at the participating agencies. On some webinars, winners of the prestigious Tibbetts Award who have successfully brought their SBIR/STTR technologies to market will share their stories and tips on how they progressed from SBIR/STTR seed funding to commercialization. The series also will include several webinars highlighting how large corporations can partner with SBIR/STTR awardees

to integrate SBIR funded technologies into their supply chain. Other relevant and interesting topics pertaining to the SBIR/STTR program will also be discussed throughout the series.

Who should participate in the webinar?

These webinars are open to anyone interested in how universities and industry can seek funding for their innovative research and commercialization efforts . This can include small business enterprises, entrepreneurs, university chief research officers, directors of economic development, corporate business development directors and academic liaisons, university professors and corporate researchers.

Participant Instructions

The web conference is scheduled to begin at 1:00PM Eastern Time on June 25th, 2014. You may register for the web conference by clicking

Webinar

Registration: http://center.ncet2.org/index.php?option=com_content&view=article&id=690

Finally, if you've missed our previous SBIR webinars you can find slides and recordings [here](#).

If you have any questions, comments, or suggestions for this or future webinars, feel free to reach out to Nagesh Rao at nagesh.rao@sba.gov

Program Success of the Week – Wright's Waste Disposal

Wright's Waste Disposal, Inc. is a waste hauling company that specializes in disposing of solid waste for commercial and residential customers in Pulaski, Alexander, Union, Johnson, and Massac Counties in far southern Illinois. This business offers economical and environmentally responsible trash disposal for its customers. Wright's opened on January 1, 2002 as a sole proprietorship operated by William (Kenny) Wright and Christina D. Wright in Ullin, Illinois. They started with 25 commercial customers and 60 residential customers and currently serve 155 commercial customers and 815 residential customers.

Wright's Waste Disposal, Inc. has grown rapidly due to many of the local municipalities taking bids for trash pickup. Their customers prefer doing business with a local company they can easily contact with concerns or for additional service.

Wright's recently needed a new truck for the day-to-day operations. The couple contacted the Illinois Small Business Development Center at Shawnee Community College to seek assistance with financing for this purchase. They utilized SBDC services when opening in 2002 and have been an active client ever since. The Shawnee SBDC helped them update the business plan and obtaining financing to secure the new truck. This resulted in the retention of two (2) jobs.

Kenny Wright says, "I greatly appreciate the services provided by the Illinois Small Business Development Center at Shawnee Community College. They have provided assistance in securing low interest financing in order for me to be able to continue operating my business".

Resource of the Week – Hubspot.com

If you are a small business owner or small business employee, inbound marketing can help you manage expenses, increase your marketing reach and make sure your customers can find your products and services. Everything in this marketing hub is specifically for small businesses. It's nice to know what the big kids are doing, but small businesses have different challenges than large companies. Yet, you are still competing with companies that have larger budgets and greater resources than you. The videos, case studies, ebooks, kits,

how-to articles and webinars available here will demonstrate how inbound marketing can help you compete and succeed.

<http://www.hubspot.com/small-business-marketing-hub>

Neoserra/WebCATS Update – Converting Contacts to Clients

Please see the link below for directions on how to convert your contacts to clients in Neoserra:

<http://support.outreachsystems.com/resources/help/neoserra/faq.jsp?id=n218>

Moves and News - City Treasurer's Deadline Extended

Deadline Extended - 2014 Chicago City Treasurer's Business Plan Competition

New Deadline - June 30, 2014 at 5 pm

How to Enter

Tell you clients to visit the Chicago City Treasurer's [Online Submission Portal](#).

To enter the competition, just click one of the blue buttons on the right of the portal landing page. These blue buttons will enable you to create an account. From this account you will be able to access the Online Competition Submission Form.

For more information, see the "Downloads" section at the bottom of the portal landing page. These are documents that you can open, read, print, or download to your computer. These documents provide detailed information about the competition. We recommend that you download the "Template for Competition Submissions" to use as you prepare your submission.

Free Business Competition Submission Coaching

The staff at the Illinois SBDC/Duman Center are available to provide one-on-one assistance by reviewing your submission for the competition. You may also meet with them to discuss any aspect of developing or growing your business. Services are first come, first served. To schedule a FREE one-on-one consultation, contact

855-INFO-JVS (855-463-6587) or info@jvschicago.org

America's SBDC Network Connect

Please [CLICK HERE](#) to see the June 19, 2014 edition of [America's SBDC Network Connect newsletter](#).

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The **WEEKLY CONNECTION** is distributed by the Illinois SBDC and DCEO Office of Entrepreneurship, Innovation & Technology each Monday to members of the DCEO Illinois SBDC Network to provide the service delivery partners with regular updates on small business issues, opportunities and resources. You may send any information to share with the Illinois SBDC Network to Tom.Becker@illinois.gov. Please feel free to forward this update to other interested resource providers and key stakeholders.
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